

## Message Text

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FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 1708

INFO AMEMBASSY LONDON

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S E C R E T NAIROBI 1859

EXDIS

E.O. 11652: XGDS-1

TAGS: MARR MASS PFOR KE US

SUBJ: KENYAN REQUEST FOR U.S. SECURITY ASSISTANCE

REF: NAIROBI 1715

BEGIN SUMMARY: AS FOLLOW UP TO GENERAL MANS' REPORT ON KENYAN DEFENSE NEEDS GIVEN TO US LAST WEEK BY VICE PRESIDENT MOI, WE HAVE NOW BEEN GIVEN SIGNIFICANT ADDITIONAL INFORMATION BY KENYAN MINISTRIES OF DEFENCE AND FINANCE ON GOK'S OWN ANALYSIS AND ESTIMATE OF DEFENSE REQUIREMENTS AND MORE SPECIFIC IDEA OF AMOUNT AND TYPE OF ASSISTANCE DESIRED FROM U.S. PRESENT GOK DEFENSE PLANNING CALLS FOR ARMED FORCES MODERNIZATION AND EXPANSION PROGRAM WHICH WOULD COST TOTAL OF ABOUT 300 MILLION DOLLARS OVER NEXT SIX YEARS, OF WHICH FOREIGN EXCHANGE COMPONENT FOR ARMS AND EQUIPMENT TO BE ACQUIRED WOULD AMOUNT TO 200 TO 225 MILLION DOLLARS. WHILE GOK PLANS APPROACH VARIOUS WESTERN COUNTRIES FOR FINANCIAL ASSISTANCE ON EQUIPMENT NEEDS, IT APPEARS KENYANS WOULD LIKE AS MINIMUM TO OBTAIN CONCESSIONARY FINANCING FROM U.S. FOR ACQUISITION OF SQUADRON OF A-4'S AND SUBSEQUENTLY FOR SQUADRON OF F-5E'S, A PACKAGE WHICH COULD COST MORE THAN 120 MILLION DOLLARS OVER NEXT SIX YEARS. LAS PREVIOUSLY INDICATED, I BELIEVE IT IN U.S. INTEREST TO PROVIDE MILITARY ASSISTANCE TO KENYA TO WHICH DEPART-

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MENT HAS ALREADY AGREED IN PRINCIPLE. QUESTION TO WHICH

WE MUST NOW ADDRESS OURSELVES IS MAGNITUDE OF ASSISTANCE.  
END SUMMARY.

1. KENYAN MINISTRY OF DEFENCE HAS GIVEN EMBASSY COPIES OF GOK'S ANALYSIS OF MANS' REPORT INCLUDING ILLUSTRATIVE LIST OF VARIOUS WEAPON SYSTEMS NEEDED FOR SIX-YEAR ARMED FORCES MODERNIZATION AND EXPANSION PROGRAM AS WELL AS DETAILED BUDGETARY FORECASTS OF COSTS INVOLVED. (THESE DOCUMENTS WERE AIR POUCHED TO AF/E FEBRUARY 28.) ALTHOUGH INFLATION IS ALREADY PUSHING ESTIMATES STILL HIGHER, THESE STUDIES PROJECT COST OF MORE THAN 100 KENYAN MILLION POUNDS (280 MILLION DOLLARS) FOR ENTIRE PROGRAM OF WHICH 64 MILLION POUNDS (180 MILLION DOLLARS) WOULD REPRESENT FOREIGN EXCHANGE COSTS OF PROCURING NEEDED ARMS AND EQUIPMENT ABROAD. LATTER FIGURE INCLUDES ESTIMATE OF 53 MILLION DOLLARS FOR ACQUISITION OF 12 AIRCRAFT SQUADRON OF A-4'S. NOT INCLUDED IN TOTAL IS COST OF SQUADRON OF F-5E'S WHICH GOK WOULD LIKE TO OBTAIN AFTER ACQUIRING A-4'S.

2. FINANCE MINISTRY PERMANENT SECRETARY NG'ANG'A HAS INFORMED US THAT KENYA'S TIGHT BALANCE OF PAYMENTS SITUATION MAKES IT IMPOSSIBLE FOR GOK TO FINANCE ANY OF FOREIGN EXCHANGE COSTS OF THIS PROGRAM OUT OF GOK'S OWN RESOURCES. IN FACT, HE ANTICIPATES DIFFICULTY IN FINANCING LOCAL CURRENCY COSTS OF PROJECTED FORCE EXPANSION (ADDITIONAL SALARIES, BARRACKS, INFRASTRUCTURE) WITHOUT FOREIGN COMMODITY OR OTHER ASSISTANCE OF TYPE WHICH WOULD GENERATE LOCAL CURRENCY COUNTERPART IN NON-INFLATIONARY MANNER. RE ARMS IMPORTATION FINANCING PROBLEM, NG'ANG'A STRESSED THAT IN VIEW OF WEAKENED BALANCE OF PAYMENTS POSITION KENYA WOULD NOT REPEAT NOT BE ABLE TO FINANCE ARMS ACQUISITION ON NORMAL COMMERCIAL TERMS. GOK WOULD PREFER GRANTS, BUT IF GRANTS NOT AVAILABLE HE SAID CREDITS SHOULD BE ON MOST CONCESSIONARY INTEREST AND REPAYMENT TERMS POSSIBLE.

3. BECAUSE KENYA AIR FORCE ENCOUNTERED SPARE PARTS PROBLEMS WITH HAWKER HUNTER AIRCRAFT, PRESIDENT KENYATTA HAS INSTRUCTED DEFENCE MINISTRY TO AVOID GETTING OLD OR  
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REFURBISHED EQUIPMENT WHICH CANNOT BE PROPERLY MAINTAINED. HOWEVER, IF DEFENCE MINISTRY IS CONVINCED OF LONG-TERM SPARE PARTS SUPPLY, ACQUISITION OF USED RATHER THAN NEW EQUIPMENT COULD BE CONSIDERED. (IF SPARE PARTS SUPPLY WOULD NOT BE A PROBLEM WITH F-5A'S, I BELIEVE WE SHOULD CONTINUE TO EXPLORE FEASIBILITY OF POSSIBLE TRANSFER OF IRANIAN F-5A'S. WE HAVE NOT MENTIONED THIS POSSIBILITY TO KENYANS, AND HAVE NO EVIDENCE THAT THEY HAVE LEARNED

OF THIS PROPOSAL FROM COMMERCIAL SOURCES.) NG'ANG'A TOLD ME THAT FINANCE MINISTER KIBAKI INTENDS TO CALL ME IN SOON FOR FURTHER DISCUSSION OF POSSIBLE U.S. MILITARY ASSISTANCE, BUT THAT WE SHOULD REGARD OUR DISCUSSIONS TO DATE WITH VICE PRESIDENT, ATTORNEY GENERAL, DEFENCE MINISTRY AND FINANCE MINISTRY AS CONSTITUTING AN OFFICIAL GOK REQUEST FOR U.S. MILITARY ASSISTANCE "PACKAGE."

4. RECOMMENDATION: WHILE ASSISTANCE "PACKAGE" HAS NOT YET BEEN PRECISELY DEFINED, IT IS CLEAR FROM OUR DISCUSSIONS THAT GOK WOULD LIKE U.S. TO AT LEAST PICK UP TAB FOR ACQUISITION OF TWO SQUADRONS OF PREFERABLY NEW AIRCRAFT, I.E., A-4'S AND F-5E'S. SINCE TOTAL COST OF SUCH AIRCRAFT, IF ACQUIRED NEW WITH APPROPRIATE GROUND SUPPORT EQUIPMENT AND SPARES, WOULD PROBABLY EXCEED 120 MILLION DOLLARS, THIS WOULD IMPLY U.S. MILITARY ASSISTANCE TO KENYA AVERAGING ABOUT 20 MILLION DOLLARS PER YEAR OVER DURATION OF PROGRAM. WHILE WE HAVE BEEN SCRUPULOUSLY CAREFUL TO AVOID GIVING KENYANS IMPRESSION THERE IS ANY POSSIBILITY OF ANYTHING OTHER THAN EXTREMELY MODEST ASSISTANCE IN MILITARY FIELD, I BELIEVE WE MUST -- PARTICULARLY IN VIEW OF BRITAIN'S FIRM REFUSAL TO PROVIDE ANY REPEAT ANY CONCESSIONARY ASSISTANCE TO KENYA ON THIS PROGRAM -- GIVE CONSIDERATION TO LARGER U.S. ROLE. I THEREFORE RECOMMEND THAT DEPARTMENTS OF STATE AND DEFENSE CONSIDER WHETHER GRANT OR CONCESSIONARY CREDIT PROGRAM OF THIS MAGNITUDE WOULD -- IF FUNDS COULD BE SHIFTED FROM OTHER AREAS -- BE JUSTIFIABLE IN TERMS OF U.S. STRATEGIC INTERESTS IN KENYA. IN MY VIEW, MOST IMPORTANT U.S. INTERESTS OF THIS TYPE IN KENYA ARE (1) MAINTENANCE OF STABLE, STRONG, WESTERN-ORIENTED KENYA AS DETERRENT TO FURTHER EXPANSION OF COMMUNIST AND OTHER RADICAL INFLUENCES IN EASTERN AFRICA AND (2) CONTINUED ACCESS TO  
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PORT OF MOMBASA BY U.S. NAVY SHIPS IN INDIAN OCEAN. IF WE AND OTHER WESTERN SUPPLIERS FAIL TO PROVIDE ARMS ASSISTANCE KENYA NEEDS TO REDRESS BALANCE WITH ITS HEAVILY ARMED AND INCREASINGLY HOSTILE NEIGHBORS, KENYA MAY RELUCTANTLY ACCEPT SOVIET ARMS (OFFERED SEVERAL TIMES IN RECENT PAST), A DEVELOPMENT WHICH COULD WELL JEOPARDIZE OUR INTERESTS. MARSHALL

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